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# FORSCOM INTERNAL REVIEW REENGINEERING INITIATIVE

# Initiative

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- ◆ FORSCOM Viewed USAAA as Viable Alternative to Internal Review
- ◆ Transfer Internal Review Spaces and Workload to The Auditor General
  - Save Money?
  - Improve Effectiveness and Efficiency?

# Background

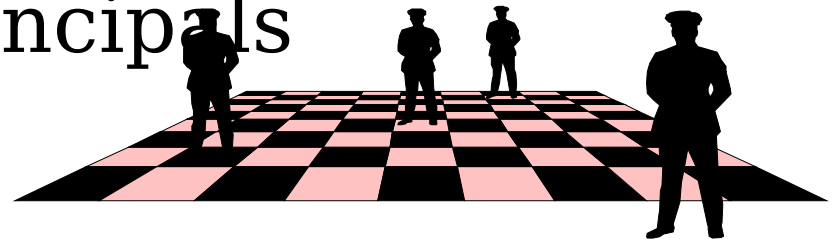
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- ◆ FORSCOM Designated Reinvention Center
- ◆ Follow-on to Earlier Initiative to Consolidate IR with IG
  - Rejected Due to Legal Implications
- ◆ ASA(FM&C) Approved Test
- ◆ FORSCOM Transferred \$700,000 to USAAA for Test

# Background (continued)

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- ◆ Evaluation Plan Drafted and Approved by
  - ASA(FM&C)
  - The Auditor General
  - HQ, FORSCOM
- ◆ TIG to Lead Evaluation
- ◆ Evaluation Team Also Selected and Approved by Principals



# Test

Period (1 June 1995 - 31 May 1996)

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## ♦ **Five Test Sites**

(Volunteer)

- HQ, FORSCOM
- Fort Drum
- Fort Hood
- Fort Lewis
- Fort Stewart

## ♦ **Five Control Sites**

- Fort Bragg
- Fort Campbell
- Fort Carson
- Fort Polk
- Fort Riley

# Evaluation Criteria

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- ♦ **Objective:** “To determine the most efficient and effective means for FORSCOM commanders to obtain internal audit services.”
- ♦ **Success Criteria:**
  - Highest Return on Investment
  - Highest Rate of Productivity
  - Highest Degree of Customer Satisfaction

# Evaluation Team

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- ◆ DAIG - Lead
- ◆ ASA(FM&C)
- ◆ USAAA
- ◆ HQ, FORSCOM
- ◆ Fort Sam Houston



# Evaluation Methodology

- ◆ Products #
- ◆ Costs \*
- ◆ Interviews
- ◆ Questionnaire

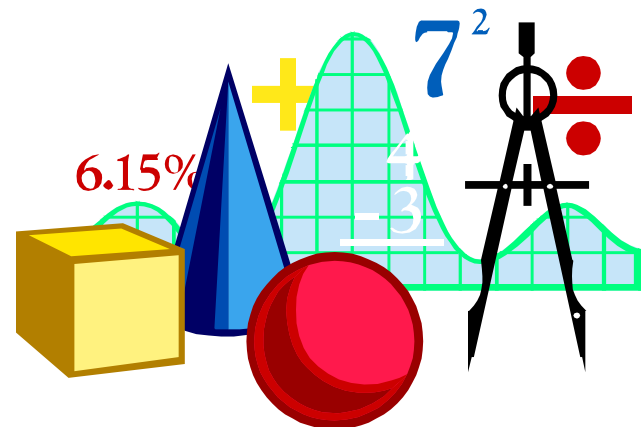
PRODUCTIVITY

INVESTMENT

CUSTOMER

# Productivity Data  
Period - 1 October 95  
thru 31 March 96

\* Investment Data  
Period - 1 August 95  
thru 31 March 96



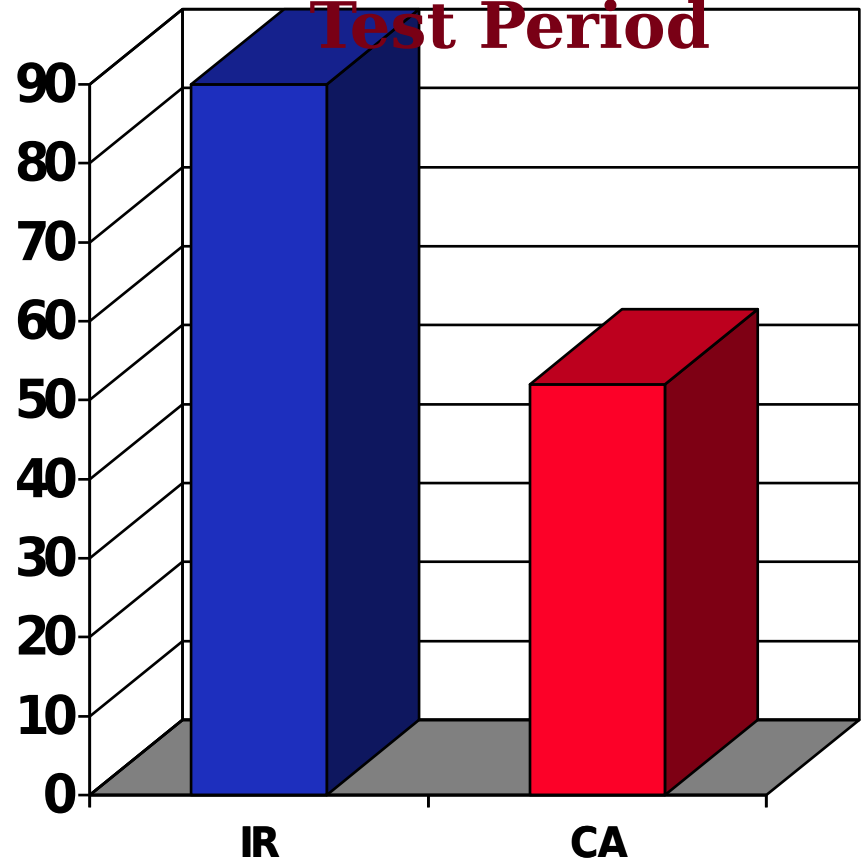


# Productivity Results

- ◆ Total Audit Engagements Per Staff Year
  - Internal Review - 7.89
  - Command Audit - 6.10



**Products  
Generated During  
Test Period**



# Cost Results



- ◆ **Cost of Operations** (1AUG95 - 31

- Internal Review - \$826.4K
- Command Audit - \$687.8K

- ◆ **Purchased**

- Internal Review - 11.4 Staff-Years
- Command Audit - 8.5 Staff-Years

- ◆ **Cost Per Staff-Year**

- Internal Review - \$52.6 K
  - Command Audit - \$61.0 K
- Difference**  
**21%**

# Cost

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## ◆ Savings Generated

- Internal Review - \$1.79M Per Staff-Year
- Command Audit - \$1.46M Per Staff-Year\*

## ◆ Return on Investment

- Internal Review - \$28.4 to \$1
- Command Audit - \$22.9 to \$1\*

**Difference**

**24%**

\* \$8M Added as Revised Figure- Added 0.94 Per Staff-Year

# Customer Satisfaction

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- ♦ Interviews
  - All Satisfied With Services Rendered
- ♦ Questionnaires
  - Advantage Internal Review



# Summary

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- ♦ Is Command Audit a Viable Option for Internal Audit?
  - **Yes**
- ♦ Do Test Results Indicate That Command Audit Is The Most Effective and Efficient Option?
  - **No. Internal Review Offices Cost Less Per Staff-Year, Produced More Products and Provided a Greater Return on Investment for Their Commanders**

# Considerations Not Addressed

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- ◆ Legal Issues
- ◆ National Performance Review
- ◆ HQ Redesign
- ◆ GAO Standards
- ◆ Unity of Command

